

Proposed Modifications to the W-2 Performance Standards
November 21, 2002

1. Entered Employment Standard: No Modifications Proposed

DWS proposal: in the 2004-05 contract, update the risk protection clause to be consistent with the unemployment definition used for determining the threshold to access additional benefits. (See Attachment 1 below for description)

2. Job Retention Standard: No Modifications Proposed

DWS proposal: in the 2004-05 contract, update the risk protection clause to be consistent with the unemployment definition used for determining the threshold to access additional benefits. (See Attachment 1 below for description)

3. Full and Appropriate Engagement Standard: No Modifications Proposed

4. Basic Educational Activities Standard: No Modifications Proposed

5. Educational Activities Attainment Standard: Allow Adjustments

Many agencies are failing the Educational Achievement standard because participants have had successful exits from the W-2 program before they are able to finish their educational activity.

DWS Proposal:

- ✓ Allow local agencies to submit adjustment requests to reduce the denominator for participants who have successful exits or exits that are beyond the control of the agency.

(Examples of successful exits include but are not limited to the following: going onto SSI, or getting a job. An example of an exit beyond the control of the agency is a participant leaving the state.)

6. Earnings Gain Standard: Make this an Information-Only Standard

There are too many complexities and difficulties in getting accurate data. There is too much confusion at the local level. It appears that workers don't know how to accurately complete CARES screens for this standard. There are many entries that are questionable. (Why are there entry and exit amounts of less than \$10? Why are there entries of \$30,000? Why are many exit amounts \$.01 higher than the entry amount?)

In order to make this a fair and equitable standard, we would need to validate every single entry with the local agencies. Many of the entries would need to be corrected. That level of review is not possible. In addition, the playing field is not level among agencies due to the tremendous variation in the way that CMU and CMF placements occur.

DWS proposal:

- ✓ Don't use the earnings gain performance standard for right of first selection or for bonus payments.
- ✓ This should remain as an information-only standard.
- ✓ We should use this as a learning experience and partner with the C&I Performance Standards Committee to come up with a better way of measuring earnings gain.

7. Assessment Performance Standard: Modify the Formal Assessment standard

A large number of agencies all over the state are not meeting this standard. This is a new standard. It is complex and it has multiple parts. The implementation was not smooth. There were delays in CARES screens and reports. There is still confusion about various aspects of the standard.

DWD has already made several modifications to the Assessment Performance Standard. For both Informal and Formal Assessments, January 2002 is not measured because of the 30 day period for completing the assessment. The one case credit has been extended to both Informal and Formal Assessments.

a. Informal Assessments

DWD previously accepted a proposal to disregard January through May 2002 because DWD generated reports detailing Informal Assessments were not available for agencies to gauge their performance.

b. Formal Assessments

DWS proposes to disregard the period from January through May 2002; however, agencies will have to send evidence to DWD that the formal assessment did eventually get completed even if it was done recently.

We need more discussion about what to do about participants who are no longer active. For instance, one option for dealing with participants who are no longer active would be to require that agencies provide evidence showing that formal assessment was eventually completed for 80% of the participants who did not pass the standard. This would allow some leeway for the families who were no longer active and be consistent with the overall 80% target rate.

8. Timely Processing of Extensions Standard: Modify the adjustment process

DWS proposes to modify the performance standard adjustment process (BWP Operations Memo 0072). The modification will allow an adjustment for agencies that fail the "Timely Entry in CARES" requirement if the agency can document that the participant was notified and the agency was working with the participant. Adjustments will be allowed for the period of January through October 2002 since the Department was not timely in providing detailed extension reports to local agencies during this period.

9. Customer Satisfaction Survey Standard: No Modification Proposed

There are currently no modifications proposed. We are starting a study of Question #3 (Returned phone call within 2 day) in Milwaukee. The study may lead to proposed modifications if we find significant differences in Milwaukee that could affect a positive response on this question.

10. Financial Management Standard: No Modifications Proposed

11. Contract Compliance Standard: No Modifications Proposed

12. W-2 Agency Staff Training Standard: No Modifications Proposed

The economy is having an impact on local agency ability to help participants enter employment, keep working and increase earnings. The Risk Adjustment Clause of the W-2 contract was meant to give agencies some protection from just this situation. In practice, however, the current Risk Adjustment Clause requires an almost catastrophic increase in the unemployment rate. It still seems a good idea to have such a mechanism in the contract. This is a proposal to modify the current Risk Adjustment Clause and to base it on the number of unemployed persons rather than on the unemployment rate as is currently the case. It also proposes to use as a comparison the first 19 months of the previous W-2 contract, a period when the economy was more robust.

- ✓ Modify the Risk Adjustment Clause as follows:

Follow the steps listed below using published LMI counts of unemployed:

1. For each county, determine the monthly average for the period of January 2000 through July 2001.
2. Determine 120% of that average to compute the monthly target average.
3. For each month in 2002, determine the number and percent of unemployed above the monthly target average.
4. Proportionally reduce the performance standard base target rate by the percent of unemployed above the monthly target average.

Use the following formula to determine the reduction amount:

$$\frac{\% \text{ of unemployed above the monthly target average}}{100} = \frac{X}{\text{performance standard base target rate}}$$

5. Determine the adjusted performance standard rate by subtracting the reduction amount from the base standard target rate.

Note that the adjusted rates for each month in 2002 are averaged to calculate the final adjusted rate. Round down the final adjusted rate.

EXAMPLE FOR BADGER COUNTY for the EE rate standard
(for January 2002 the unemployed = 2000)

1. Monthly average for Jan 2000 – July 2001	=	1500
2. 120% of that average (1500 * 1.20)	=	1800
3. % of January 2002 above the target (2000 – 1800)/1800	=	11.1111%
4. Proportionally reduce the performance standard		
$\frac{11.1111\%}{100} = \frac{X}{35\%}$	=	3.88%
5. Adjusted Performance Standard Rate	$35\% - 3.88\%$	= 31.12%